



Tax Preparer Guide to Identity Theft

Tax preparers play a critical role in assisting clients, both individuals and businesses, who are victims of tax-related identity theft. The IRS is working hard to prevent and detect identity theft as well as reduce the time it takes to resolve these cases.

What is tax-related identity theft?

Tax-related identity theft occurs when someone uses a stolen Social Security number to file a tax return claiming a fraudulent refund. Thieves also may use stolen Employer Identification Numbers to create false Forms W-2 to support refund fraud schemes.



Warning signs for individual clients

Your client's SSN has been compromised, putting them at risk.

- A return is rejected; IRS reject codes indicate the taxpayer's SSN already has been used.
- Your client notices activity on or receives IRS notices regarding a tax return after all tax issues have been resolved, refund paid or account balances have been paid.
- An IRS notice indicates your client received wages from an employer unknown to them.

Remember: You must have a power of attorney on file and authenticate your identity before an IRS customer service representative can provide you with any taxpayer information.

Warning signs for business clients

- Your client's return is accepted as an amended return, but the taxpayer has not filed a return for that year.
- Your client receives IRS notices about fictitious employees.
- Your client notices activity related to or receives IRS notices regarding a defunct, closed or dormant business after all account balances have been paid.

Tax preparers also can become targets of criminals. Remember to follow the security guidelines outlined in [Publication 1345](#). Online providers who experience a data breach must contact the IRS within one business day.

Assisting victims of identity theft

The Federal Trade Commission, the lead federal agency for identity theft, recommends these steps:

1. File a report with local police
2. Report identity theft to the FTC at www.identitytheft.gov or the FTC Identity Theft Hotline at 1-877-438-4338 or TTY 1-866-653-4261.
3. Contact one of the major credit bureaus to place a fraud alert on your records:
 - www.Equifax.com 1-800-525-6285
 - www.Experian.com 1-888-397-3742
 - www.TransUnion.com 1-800-680-7289
4. Close any accounts opened fraudulently.

IRS victim assistance

In addition to the FTC recommendations, you should take these steps if clients' SSNs are compromised and they suspect or know they are victims of tax-related identity theft:

- Immediately call the contact number if your client receives an IRS notice.
- Complete [Form 14039, Identity Theft Affidavit](#), if your client's SSN has been compromised. This form allows us to put an indicator on the client's tax records for questionable activity.
- Clients should continue to file returns and pay taxes, even if it must be done by paper, while the case is being researched.
- If you previously contacted the IRS and did not have a resolution, call the Identity Protection Specialized Unit toll free at 1-800-908-4490.
- Be aware that the nature of these cases is complex.

Resources for tax preparers

- www.identitytheft.gov (FTC web site)
- www.IRS.gov/identitytheft
- [Pub 1345, Handbook for Authorized IRS e-file Providers \(Security\)](#)
- [Pub 4557, Safeguarding Taxpayer Data](#)
- [Pub 4600, Safeguarding Taxpayer Information](#)
- [Pub 4535, Identity Theft Prevention and Victim Assistance](#)